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SIPDIS

STATE FOR EAP/TC, PM/DTCC AND ISN/MTR

PM/DTCC FOR BLUE LANTERN COORDINATOR RACHAEL-THERESE S. JOUBERT-LIN

E.O. 12958: N/A

TAGS: [ETTC](#) [KOMC](#) [TW](#)

SUBJECT: TAIWAN: RESULTS OF BLUE LANTERN BROKER CHECK NO. K-1198

REF: STATE 99476

¶1. (SBU) Summary: Per reftel request, AIT/T Econ officer and FN visited U&U Engineering International Inc., and interviewed Mr. Cheng Tung, who serves as company Chairman and President. End summary.

¶2. (SBU) U&U Engineering International Inc. was established in 1992 and now employs approximately 130 employees in six locations in Taiwan. The company's headquarters is located in Taipei at the address provided in reftel. Its five branch offices around the island include one factory in Lung-Tan, the Lung-Yuan Service Center inside the Chung Shan Institute of Science and Technology (CSIST), one maintenance office in Hualien, one maintenance office in Kaohsiung, and one maintenance office in Taipei handling green-energy projects.

3 (SBU) According to the Bureau of Foreign Trade (BOFT), Ministry of Economic Affairs (MOEA), U&U Engineering International, Inc. is registered as a trading company. The company's registration information, including the company's address and contact numbers, is identical to the reference stated in paragraph three of reftel. The company's website is www.ueei.com.tw

¶4. (SBU) Part of U&U's business focuses on providing spare-parts and maintenance support to Taiwan's military agencies. After contracts are signed between the U.S. company and Taiwan, U&U is subcontracted by the U.S. entity to do the maintenance for Taiwan military units and receives the necessary parts and technology from the U.S. to fulfill the contract. U&U is a representative agent for both U.S.-based ITT and BAE systems. Therefore, when ITT or BAE sign a contract with a Taiwan entity, in accordance with the offset rules, U&U provides technical support to Taiwan clients. U&U also sells military parts to Taiwan firms.

¶5. (SBU) Aside from being a military-parts and service broker, U&U also manufactures commercial products, including infrared cameras and traffic monitor systems/sensors. U&U does not need to import components from the U.S. to produce these commercial products. Because it has been difficult for U&U to access the market in Taiwan for its indigenously-produced commercial products, the company has sought to introduce its products in China, for which it has gained a small number of contracts that will start next year.

¶6. (SBU) Because of the high value of the company's parts and equipment, U&U employs monitoring systems at all storage areas within its facilities. Technicians in each division can only access their division's storage areas, and each division maintains independent operations and financial management functions.

¶7. (SBU) Mr. Cheng stated he understood the USML restrictions, as he realizes that all U&U's business sensitive and advanced. As such, he requires his staff to maintain records of all business transactions and all commercial activities.

¶8. (SBU) AIT has no derogatory information in its files concerning

U&U Engineering International, Inc. AIT learned through our Taiwan law enforcement sources, however, that Mr. Cheng was accused of committing the offence of "Intimidation" and charged with "Corruption" in 2005 but was not indicted; in addition, Mr. Cheng was charged with "Interference in the Use of Computers" in 2009 but also was not indicted.

19. (SBU) Comment: Accusations of fraud, forgery, and other business-related crimes are very common in Taiwan, and because this broker was not indicted of any crimes, we believe this information does not call into question the bona fides of the broker. End Comment.

Stanton